

READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDINGFEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICEApproved by OMB  
3060-0589  
Page No 1 of 1(1) LOCKBOX #  
358145

FCC/MELLON

AUG 01 2002

SPECIAL USE

FCC USE ONLY

## SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)  
Akin, Gump, Strauss, Hauer & Feld, L.L.P.

(3) TOTAL AMOUNT PAID (U.S. Dollars and cents)

(4) STREET ADDRESS LINE NO. 1  
1676 International Drive(5) STREET ADDRESS LINE NO. 2  
Penthouse

(6) CITY

McLean

(7) STATE

VA

(8) ZIP CODE

22102

(9) DAYTIME TELEPHONE NUMBER (include area code)  
(703) 891-7500(10) COUNTRY CODE (if not in U.S.A.)  
USA

## FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN)  
0005-0944-46(12) PAYER (TIN)  
75-1338644IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B  
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)(13) APPLICANT NAME  
CFC Telecom Holdings, LLC(14) STREET ADDRESS LINE NO. 1  
2201 Cooperative Way

(15) STREET ADDRESS LINE NO. 2

(16) CITY

Herndon

(17) STATE

VA

(18) ZIP CODE

20171

(19) DAYTIME TELEPHONE NUMBER (include area code)  
(703) 709-6700(20) COUNTRY CODE (if not in U.S.A.)  
USA

## FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)  
0007482144(22) APPLICANT (TIN)  
52-089 1669

## COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID

(24A) PAYMENT TYPE CODE  
CUT(25A) QUANTITY  
1(26A) FEE DUE FOR (PTC)  
\$815.00(27A) TOTAL FEE  
\$815.00

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID

(24B) PAYMENT TYPE CODE

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

## SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT  
I, Natalie G. Roisman

, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.

SIGNATURE NatalieDATE August 1, 2002

## SECTION E - CREDIT CARD PAYMENT INFORMATION

(31)

☐

MASTERCARD

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION  
DATE:☐

VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of )

**COSERV, LLC (Debtor-in-Possession)** )  
**d/b/a COSERV COMMUNICATIONS** )

**and** )

**CFC TELECOM HOLDINGS, LLC** )

Application for Consent to Assignment of a )  
Blanket Authority to Provide )  
Domestic Interstate Service Under Section 214 )  
Communications Act of 1934, as Amended, )

WC 02-233

**APPLICATION**

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214, CoServ, LLC (Debtor-in-Possession) d/b/a CoServ Communications ("CoServ" or "Assignor"), hereby seeks the consent of the Federal Communications Commission ("Commission") to assign to CFC Telecom Holdings, LLC ("Tel Holdings" or "Assignee") its blanket authority to provide domestic interstate service granted by Section 63.01 of the Commission's rules, 47 C.F.R. § 63.01 ("Blanket Authority").

Pursuant to the guidelines set out in the Commission's public notice released July 20, 2001,<sup>1</sup> Assignor and Assignee (the "Parties") set forth the following information in support of this Application:

On November 30, 2001, CoServ and its related companies filed petitions for relief under Chapter 11 of the Bankruptcy Code in the consolidated Case Number 01-48684-DML in the U.S. Bankruptcy Court for the Northern District of Texas, Fort Worth Division ("Bankruptcy"). CoServ notified the Commission of the Bankruptcy filings by letter dated January 22, 2002.

<sup>1</sup> Common Carrier Bureau Announces Procedures for Applicants Requiring Section 214 Authorization for Acquisitions of Corporate Control, DA 01-1654 (rel. July 20, 2001).

CoServ entered into a global settlement on or about May 2, 2002, by which the Blanket Authority would be assigned to Tel Holdings if a sale to a third party assignee was not consummated before September 30, 2002. In accord with the global settlement, and upon grant of this application, CoServ will assign its Blanket Authority to Tel Holdings pursuant to a plan of liquidation of CoServ, filed with the bankruptcy court on June 24, 2002.

Pursuant to the transaction described above, the Blanket Authority will be assigned to Tel Holdings, a limited liability company organized under the laws of Delaware. Tel Holdings is headquartered at 2201 Cooperative Way in Herndon, Virginia 20171; (703) 709-6700. Tel Holdings was formed for the purpose of holding the properties tendered to it from CoServ and its related companies in accord with the global settlement. Tel Holdings is wholly owned by the National Rural Utilities Cooperative Finance Corporation ("NRUCFC"). NRUCFC, a non-profit corporation organized under the laws of the Commonwealth of Virginia, is headquartered at 2201 Cooperative Way in Herndon, Virginia 20171; (703) 709-6700. All of the directors of NRUCFC are U.S. citizens.

Correspondence regarding this Application should be sent to:

For CoServ:  
Stuart F. Feldstein, Esq.  
Fleischman and Walsh, LLP  
1400 16<sup>th</sup> Street, NW  
Washington, D.C. 20036  
(202) 939-7906

For Tel Holdings:  
Marjorie K. Conner, Esq.  
Akin, Gump, Strauss, Hauer & Feld  
1676 International Drive  
Penthouse  
McLean, Virginia 22102  
(703) 891-7565

The domestic interstate service to be provided under the Blanket Authority is incidental to the local exchange service to be provided by the Applicant in the suburban Dallas-Fort Worth area.

In addition to this Application, the following applications are being filed with the Commission in relation to the instant transaction:

- (A) Applications to assign to CFC Telecom Holdings, LLC of the following Local Multipoint Distribution Service Licenses (FCC Form 603):
  - (i) WPOH663 (BTA004, Ada, OK)

- (ii) WPOH659 (BTA059, Bryan-College Station, TX)
- (iii) WPOH662 (BTA329, Oklahoma City, OK)
- (iv) WPOH661 (BTA401, San Antonio, TX)
- (v) WPOH660 (BTA456, Vitoria, TX)
- (vi) WPOH658 (BTA101, Dallas- Fort Worth, TX)
- (B) Application to assign to CFC Telecom Holdings, LLC of CoServ's international Section 214 authorization for global resale telecommunications services (by pleading filing)
- (C) Notification of the assignment to CFC Telecom Holdings, LLC of a receive-only earth station (E980511) licensed to CoServ (FCC Form 312)

All agreements relevant to the instant transaction are attached hereto as Exhibit A.

The Commission has long recognized the benefits of increased competition in the domestic telecommunications services market. By granting this Application, the Commission will serve the public interest, convenience, and necessity by allowing increased availability and competition in the provision of domestic telecommunications services.


No party to this Application is subject to a denial of federal benefits pursuant to Section 5301 of the Ant-Drug Abuse Act of 1988.

Assignment of Domestic Section 214 Authority  
CoServ, Assignor  
Tel Holdings, Assignee  
Page 4

For the reasons set forth above, CoServ respectfully requests that the Commission expeditiously grant this Application.

Respectfully Submitted,

CoServ, LLC (Debtor-in-Possession)  
d/b/a CoServ Communications

  
Name: Kevin Hanes  
Title: Vice President  
Date: 7/30/02

Tel Holdings II, L.P.

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

For the foregoing reasons, the Parties respectfully request that the Commission grant its consent to the assignment of the Authority.

Respectfully Submitted,

CoServ, LLC (Debtor-in-Possession)  
d/b/a CoServ Communications

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

CFC Telecom Holdings, LLC

JL J, Lt

Name: JOHN JAY LIST  
Title: Sr. VP of Sole Member of LLC  
Date: 9/3/07

Assignment of Section 214 Authority  
CoServ, Assignor  
Tel Holdings, Assignee  
Assignee Affidavit

**AFFIDAVIT**

I hereby affirm that the information set forth in the foregoing application for consent to assignment of the Authority is true and correct to the best of my knowledge and belief.

CFC Telecom Holdings, LLC

By: \_\_\_\_\_

Name: JOHN JAY LIST

Title: Sr. VP & Sole Member of LLC

Dated: July 31, 2002

Assignment of Domestic Section 214 Authority  
CoServ, Assignor  
Tel Holdings, Assignee  
Assignor Affidavit

**AFFIDAVIT**

I hereby affirm, on behalf of the Assignor, that the information set forth in the foregoing application for consent to the assignment of the Blanket Authority is true and correct to the best of my knowledge and belief.

**COSERV LLC (Debtor-in-Possession)  
d/b/a COSERV COMMUNICATIONS**

By: 

Name: Kevin Hancey  
Title: Vice President

Dated: July 30, 2002



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
FORT WORTH DIVISION**

In re:	§	Chapter 11
	§	
COSERV, L.L.C.	§	Case No. 01-48684-DML
d/b/a COSERV COMMUNICATIONS, et al.	§	(Jointly Administered)
	§	
Debtors.	§	

**JOINT PLAN OF LIQUIDATION  
OF THE COSERV TELECOM DEBTORS**

Proposed and submitted by:

**COSERV, L.L.C. d/b/a COSERV COMMUNICATIONS, COSERV TELECOM GP, L.L.C., DWB GP, INC., COSERV TELECOM HOLDINGS, L.P., MULTITECHNOLOGY SERVICES, L.P. d/b/a COSERV BROADBAND SERVICES AND DALLAS WIRELESS BROADBAND, L.P. d/b/a COSERV BROADBAND (THE "COSERV TELECOM DEBTORS") AND NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION.**

DATED: June 24, 2002.

**GARDERE WYNNE SEWELL LLP**

Holland Neff O'Neil (Texas Bar No. 14864700)  
Richard M. Roberson (Texas Bar No. 16993800)  
Merrill L. Kaliser (Texas Bar No. 24026894)  
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Telephone: 214-999-3000  
Telecopy: 214-999-4667

**COUNSEL TO THE DEBTORS AND THE DEBTORS IN  
POSSESSION**

And

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Facsimile: 202-887-4288

**COUNSEL TO NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORPORATION**

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## JOINT PLAN OF LIQUIDATION

COSERV, L.L.C. d/b/a COSERV COMMUNICATIONS, COSERV TELECOM GP, L.L.C., DWB GP, INC., COSERV TELECOM HOLDINGS, L.P., MULTITECHNOLOGY SERVICES, L.P. D/B/A COSERV BROADBAND SERVICES AND DALLAS WIRELESS BROADBAND, L.P. d/b/a COSERV BROADBAND (collectively, "Debtors" or "CoServ Telecom Debtors") and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC"), pursuant to the provisions of Section 1121(a) of Title 11 of the United States Code, hereby jointly propose this Joint Plan of Liquidation (the "Plan") to resolve the outstanding obligations to the Creditors of the CoServ Telecom Debtors. In considering this Plan, please refer to the Disclosure Statement, which discusses the Debtors, their history, businesses, management, Assets, the Plan and other matters pertinent to the request for Confirmation of this Plan.

### **I. SUMMARY OF JOINT PLAN**

The Debtors' ultimate parent, Denton County Electric Cooperative, Inc. d/b/a CoServ Electric ("CoServ Electric") and CFC entered into a global settlement agreement on or about May 2, 2002, which provided a framework for this Plan and the releases contained herein. The Debtors shall continue to operate their telecommunications services businesses located in North Texas, including, but not limited to, Assets related to local and long-distance telephone services, internet services and cable television services (the "Assets"), but will endeavor to locate a buyer for such Assets. These businesses are operated and owned in the aggregate by CoServ, L.L.C. d/b/a CoServ Communications ("CoServ Communications"), CoServ Telecom GP, L.L.C. ("Telecom GP"), DWB GP, Inc. ("DWB"), CoServ Telecom Holdings, L.P. ("Telecom Holdings"), Dallas Wireless Broadband, L.P. d/b/a CoServ Broadband ("CoServ Broadband"), and MultiTechnology Services, L.P. d/b/a CoServ Broadband Services ("MTS"). If a sale to a third party is not consummated before September 30, 2002, the Assets will be transferred to a Delaware holding company owned or controlled by CFC. CFC shall pay, in full, all Allowed Priority Claims, Allowed Prepetition Priority Tax Claims, Allowed Postpetition Tax Claims, Allowed Other Secured Claims and Administrative Expense Claims as set forth herein. In addition, CFC shall fund all amounts reasonably necessary to pay Professionals' fees and expenses, and up to \$100,000.00 to pay operating/liquidating expenses of the Debtors, that arise on and after the Effective Date. Debtors will establish and CFC will fund Reserve Accounts to pay Claims as set forth in more detail herein. The Debtors are committed to ensuring that the customers of the CoServ Telecom Debtors have no interruption in the provision of telecommunications services and that the Creditors holding Allowed Claims of the CoServ Telecom Debtors receive a maximum recovery.

### **II. DEFINITIONS AND INTERPRETATION**

#### **2.1. Defined Terms**

Unless the context otherwise requires, the following terms shall have the following meanings when used herein, which meanings shall be equally applicable to both the singular and plural forms of such terms:

2.1.1. **Administrative Expense Claims Bar Date** means the last day for Filing an application with the Court for allowance and payment of an Administrative Expense Claim, other than for Professional fees and expenses, which date shall be thirty (30) days after the Effective Date as set forth in Section 3.1.3(a) hereof.

2.1.2. **Administrative Expense Claim** means a Claim pursuant to Section 503(b) of the Bankruptcy Code and entitled to priority under Section 507(a)(1) or 507(b) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses incurred after the commencement of these Bankruptcy Cases for preserving the Estates and operating the Debtors' business (including any cure amounts required pursuant to Section 365(b)(1)(a) of the Bankruptcy Code), all fees and expenses of Professionals entitled to compensation pursuant to Sections 328, 330 and 503(b) of the Bankruptcy Code and any fees or charges assessed against the Estates under Section 1930, Chapter 123, Title 28 of the United States Code.

2.1.3. **Affiliate** means with respect to any specific Person or Entity, any other Person or Entity, directly or indirectly, controlled or controlled by, or under direct or indirect control with such

specified Person or Entity. For purposes of this definition, the term "Control" means the power to direct the management policies of an Entity, directly or through one or more intermediaries, whether through the ownership of voting securities, by contract or otherwise.

2.1.4. **Allowed** means a Claim, as that term is defined in Section 101(5) of the Bankruptcy Code, against any of the Debtors to the extent that either (i) proof of such Claim has been Filed on or before the Bar Date or with leave of the Bankruptcy Court, Filed late, or (ii) the Debtors have scheduled such Claim in their Schedules and have not otherwise designated the Claim to be "disputed", "unliquidated" or "contingent", and, either (a) the Debtors or a party in interest have not Filed an objection to such Claim, (b) any objection to the allowance of such Claim has been overruled by a Final Order, (c) the Claim has been otherwise allowed by a Final Order, or (d) the Claim is expressly allowed by this Plan;

2.1.5. **Allowed Unsecured Claims** means all Claims not otherwise subject to a Lien, other than the Intercompany Unsecured Claims, to the extent Allowed.

2.1.6. **Assets** means all property of the Estates as defined in the Bankruptcy Code in Section 541(a) and as more fully disclosed in the Debtors' Schedules and the Disclosure Statement accompanying this Plan, other than the Excluded Assets.

2.1.7. **Avoidance Actions** means such transfers or payments which may be avoided pursuant to Chapter 5 of the Bankruptcy Code.

2.1.8. **Ballot** means the form or forms distributed to holders of Impaired Claims on which is to be indicated the acceptance or rejection of this Plan.

2.1.9. **Ballot Date** means the date set by the Bankruptcy Court by which all votes for acceptance or rejection of this Plan must be received in order to be tallied for acceptance or rejection of this Plan.

2.1.10. **Bankruptcy Case(s)** means the bankruptcy proceedings of the Debtors pending in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, under the following Case Nos.: *In re CoServ, L.L.C. d/b/a CoServ Communications*, Case No. 01-48684-DML; *In re CoServ Telecom Holdings, L.P.*, Case No. 01-48688-DML; *In re CoServ Telecom GP, L.L.C.*, Case No. 01-48685-DML; *In re DWB GP, Inc.*, Case No. 01-48686-DML; *In re MultiTechnology Services, L.P. d/b/a CoServ Broadband Services*, Case No. 01-48687-DML; and *In re Dallas Wireless Broadband, L.P. d/b/a CoServ Broadband*, Case No. 01-48689-DML, all of which are jointly administered under Case No. 01-48684-DML and all of which were filed on November 30, 2001.

2.1.11. **Bankruptcy Code** means the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, as it may be subsequently amended or modified.

2.1.12. **Bankruptcy Court or Court** means the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, which presides over these proceedings or, if such court ceases to exercise jurisdiction, the court or adjunct thereof that exercises jurisdiction over these Bankruptcy Cases.

2.1.13. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure promulgated by the United States Supreme Court pursuant to Section 2075 of Title 28, United States Code, and, where appropriate, the Local Bankruptcy Rules for the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, as applicable, as the same may be amended from time to time.

2.1.14. **Bar Date** means the last day for Filing proofs of Claims against the Debtors by Entities other than governmental Entities, which date was established by the Bankruptcy Court as April 16, 2002.

2.1.15. **Business Day** means any day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order.

2.1.16. **Cash** means legal tender of the United States of America.

2.1.17. **CFC** means National Rural Utilities Cooperative Finance Corporation.

2.1.18. **CFC Credit** means thirty-three and one-third percent (33 1/3%) of the total dollar amounts due on the Petition Date, as reflected in the Schedules, for all Executory Contracts assumed by the Debtors and assigned to the Delaware Holding Company pursuant to Section XI of the Plan; provided such amount shall not exceed \$2,000,000.00.

2.1.19. **CFC Secured Claims** means the Secured Claims of CFC arising pursuant to the Telecom Credit Agreement, the Advance Facility Note (Telecom Note 1), Term Note A (Telecom Note 2), Term Note B (Telecom Note 3), the Security and Pledge Agreement (Telecom) and the Guaranty, each of which was executed on or about March 15, 2001, such other agreements, promissory notes and advances ancillary to or resulting from the above-described agreements executed on or after March 15, 2001, including the Subsidiary Loan Documents and all debtor-in-possession financing approved by the Bankruptcy Court, as advanced by CFC prior to the Effective Date.

2.1.20. **Claim** means a Claim as defined in Section 101(5) of the Bankruptcy Code, which includes any right to payment from the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, contested, uncontested, legal, equitable, secured, or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, contested, uncontested, secured or unsecured.

2.1.21. **Claimant** means a holder of a Claim.

2.1.22. **Class** means any group of substantially similar Claims or Equity Interests classified by this Plan pursuant to Section 1122 of the Bankruptcy Code.

2.1.23. **Closing Date** means the date agreed to by the parties as the closing date of the Section 363 Sale, if any.

2.1.24. **Collateral** means any property or interest in property of the Estates subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or is invalid or unenforceable under the Bankruptcy Code or applicable state law.

2.1.25. **Committee** means the Official Committee of Unsecured Creditors appointed pursuant to Section 1102 of the Bankruptcy Code and each of its members acting in their official capacity.

2.1.26. **Confirmation** means the entry of the Confirmation Order confirming this Plan at or after a hearing before the Bankruptcy Court pursuant to Section 1129 of the Bankruptcy Code.

2.1.27. **Confirmation Date** shall mean the date upon which the Confirmation Order is entered.

2.1.28. **Confirmation Hearing** means the hearing to be held by the Bankruptcy Court regarding Confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

2.1.29. **Confirmation Order** means the order entered by the Bankruptcy Court determining that this Plan meets the requirements of Chapter 11 of the Bankruptcy Code and is entitled to Confirmation pursuant to Section 1129 of the Bankruptcy Code.

2.1.30. **Convenience Claims** shall mean an Allowed Unsecured Claim which does not exceed \$50.00.

2.1.31. **CoServ Broadband** shall mean Dallas Wireless Broadband, L.P. d/b/a CoServ Broadband, a Texas limited partnership formed November 25, 1998, to own and operate certain LMDS licenses for the Dallas/Fort Worth area.

2.1.32. **CoServ Communications** is the assumed name for CoServ, L.L.C., a Texas limited liability company, formed on February 26, 1997, that primarily is a facilities-based provider of telecommunication services, including local and long-distance telephone services, internet access and cable television to residential and commercial customers.

2.1.33. **Creditor** means any Entity having an Allowed Claim against the Debtors or against property of the Debtors' Estates.

2.1.34. **Debtors** means, collectively, CoServ Communications, Telecom GP, DWB, Telecom Holdings, MTS and CoServ Broadband, as Debtors, Debtors in Possession and their Estates.

2.1.35. **Debtors in Possession** means the Debtors in their capacities as Debtors in Possession in these Bankruptcy Cases under Sections 1107(a) and 1108 of the Bankruptcy Code.

2.1.36. **Delaware Holding Company** means a Delaware holding company owned or controlled by CFC.

2.1.37. **Disallowed Claim** means a Claim or portion thereof that (i) has been disallowed by a Final Order; (ii) is identified in the Schedules in an amount of zero dollars or as contingent, unliquidated or disputed and as to which a proof of Claim was not Filed by the Bar Date; or (iii) is not identified in the Schedules and as to which no proof of Claim has been filed or deemed filed by the Bar Date.

2.1.38. **Disclosure Statement** means the Disclosure Statement filed with this Plan as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code, as amended or modified.

2.1.39. **Disputed Claim** means any Claim or any portion thereof, the allowance of which, in whole or in part, is subject to a timely objection by any applicable party-in-interest or which has not become Allowed and which is not a Disallowed Claim. In the event that any part of a Claim is a Disputed Claim, such Claim in its entirety shall be deemed to constitute a Disputed Claim for purposes of distribution under this Plan. Without limiting any of the foregoing, a Claim that is the subject of a pending application, motion, complaint, objection, or any other legal proceeding seeking to disallow, limit, subordinate, reclassify or estimate such Claim shall be deemed to constitute a Disputed Claim.

2.1.40. **DWB or DWB GP, Inc.** is a Texas corporation formed on November 25, 1998. DWB GP, Inc. owns a 1% interest as a general partner in both MTS and CoServ Broadband

2.1.41. **Effective Date** means that day upon which the last of the conditions precedent listed in Section 12.2 of this Plan shall have occurred or otherwise have been waived.

2.1.42. **Entity** means entity as defined in Section 101(15) of the Bankruptcy Code, which includes Person, estate, trust, governmental unit and United States trustee.

2.1.43. **Equity Interest** means the interest of any holder of any equity ownership of any of the Debtors represented by any issued and outstanding shares of common or preferred stock or other instrument representing a present ownership interest in such Debtor.

2.1.44. **Estates** means, collectively, the estates created for each of the Debtors in these Bankruptcy Cases pursuant to Section 541 of the Bankruptcy Code.



2.1.45. **Excluded Assets** means the applicable Debtors' direct or indirect Equity Interests in CoServ Spectra Group, L.L.C., The MasterLink Group, Inc., CoServ Communications Partners and Virtual Sports Partnership, Ltd. and the "CoServ" trademark, tradename, servicemark and related intellectual property.

2.1.46. **Executory Contract** means any unexpired lease or executory contract as set forth in Section 365 of the Bankruptcy Code.

2.1.47. **Exculpated Persons** means the Debtors, and all employees, officers, partners and directors of the Debtors, Professionals who have performed services after the Petition Date on behalf of the Debtors, the Committee, and all Professionals retained by the Committee, CFC's professionals who have performed services after the Petition Date on behalf of CFC related to the Debtors.

2.1.48. **FCC** means the Federal Communications Commission of the United States of America.

2.1.49. **Federal Litigation** means, collectively, those actions styled (i) *National Rural Utilities Cooperative Finance Corporation v. Denton County Electric Cooperative, Inc., CoServ Investments, L.P., CoServ Realty Holdings, L.P. and CoServ Utility Holdings, L.P.*, Civ. Action No. 3:02-CV-0067-G, pending in the United States District Court for the Northern District of Texas, Dallas Division and (ii) *National Rural Utilities Cooperative Finance Corporation v. Denton County Electric Cooperative, Inc., CoServ Investments, L.P., CoServ Realty Holdings, L.P., CoServ Utility Holdings, L.P. and CoServ Telecom Holdings, L.P.*, Civ. Action No. 3:01-CV-1930-L, pending in the United States District Court for the Northern District of Texas, Dallas Division.

2.1.50. **File or Filed** means the filing of any pleading in these Bankruptcy Cases with the Clerk of the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division.

2.1.51. **Final Decree** means the final decree entered by the Bankruptcy Court on or after the Effective Date pursuant to Bankruptcy Rule 3022.

2.1.52. **Final Distribution** means the last distribution of funds in satisfaction of Allowed Claims pursuant to this Plan.

2.1.53. **Final Order** means a judgment, ruling, or other decree issued and entered by the Bankruptcy Court or by any state or other federal court or other tribunal having jurisdiction over the subject matter thereof which judgment, order, ruling, or other decree has not been reversed, stayed, modified, or amended and as to which (i) the time to appeal or petition for review, rehearing or certiorari has expired or as to which no appeal or petition for review, rehearing or certiorari is pending; (ii) no stay has been obtained for any pending appeal, petition for review, rehearing or certiorari; or (iii) any appeal or petition for review, rehearing or certiorari has been finally decided and no further appeal or petition for review, rehearing or certiorari can be taken or granted.

2.1.54. **Guaranty** means that certain Guaranty dated as of March 15, 2001, made by the Debtors, as guarantor, in favor of CFC, as lender, guarantying all of the liabilities and obligations payable to CFC pursuant to the Telecom Credit Agreement, the Amended and Restated Credit Agreement (Realty Holdings) and the Amended and Restated Credit Agreement (Utility) dated March 15, 2001.

2.1.55. **Impaired or Impaired Claim** means a Claim that will not be repaid in full or as to which the legal rights are altered under this Plan as set forth in Section 1124 of the Bankruptcy Code.

2.1.56. **Intercompany Claim** means any Claim held by any of the Debtors' Affiliates, other than Llano, against any of the Debtors.

2.1.57. **Intercompany Unsecured Claim** means an Intercompany Claim which is an Unsecured Claim.

2.1.58. **Lien** means any charge against, encumbrance upon or other interest in property, the purpose of which is to secure payment of a debt or performance of an obligation.

2.1.59. **Llano** means Llano Utility Services, Inc., a Texas corporation formed on December 18, 1998, which is an Affiliate of the Debtors and which provides construction services to the Debtors in the ordinary course of business.

2.1.60. **LMDS License(s)** means the Local Multipoint Distribution Systems licenses issued and regulated by the FCC.

2.1.61. **MTS** means MultiTechnology Services, L.P. d/b/a CoServ Broadband Services, which is a Texas limited partnership formed on September 30, 1994, specializing in the provision of integrated telecommunications services, including video, voice and data, to residents of multiple dwelling units.

2.1.62. **Other Secured Claims** means any Secured Claim, other than the CFC Secured Claims.

2.1.63. **Other Unsecured Claims** means any Unsecured Claim, other than the Allowed Unsecured Claim of CFC or any Intercompany Unsecured Claims.

2.1.64. **Person** shall have the meaning set forth in the Bankruptcy Code, which includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, joint ventures, trusts, land trusts, business trusts, unincorporated organizations or other legal Entities, irrespective of whether they are governments, agencies or political subdivisions thereof.

2.1.65. **Petition Date** means November 30, 2001, the date on which the Debtors commenced their Bankruptcy Cases.

2.1.66. **Plan** means this Joint Plan of Liquidation of the CoServ Telecom Debtors, as it may be amended, modified, and or supplemented from time to time in accordance with the Bankruptcy Code or by order of the Bankruptcy Court.

2.1.67. **Postpetition Tax Claim** shall have the meaning set forth in Section 3.2.2 hereof.

2.1.68. **Priority Claim** means any Claim entitled to payment under Section 507(a) of the Bankruptcy Code, other than Claims provided for in Section III hereof.

2.1.69. **Prepetition Priority Tax Claim** means an Allowed Claim of a governmental Entity as provided by Section 507(a)(8) of the Bankruptcy Code, excluding penalties, fines, forfeitures or punitive damages which are not compensation for actual, pecuniary loss.

2.1.70. **Professional** means any Person employed or to be compensated pursuant to Sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code.

2.1.71. **Pro Rata or Pro Rata Share** means, proportionately, based on the percentage amount of the distribution made on account of a particular Allowed Claim to the distribution made on account of all Allowed Claims of the Class in which the particular Allowed Claim is included.

2.1.72. **PUC** means the Public Utility Commission of Texas.

2.1.73. **Remaining Assets** means any and all Assets and other property of the Estates as of the Effective Date, remaining after the Section 363 Sale is closed, including but not limited to: (i) Remaining Cash and Cash equivalents, whether in an account, escrow or otherwise; and (ii) all other claims, rights and causes of action other than the Avoidance Actions, including the proceeds of any insurance policy (to the extent determined to be property of the Estates).

2.1.74. **Remaining Cash** means all Cash proceeds from the Section 363 Sale remaining after distribution of applicable closing costs.

2.1.75. **Representative** means, with respect to any specified Entity, the present and former officers, directors (or functional equivalent, if any), employees, agents, attorneys, accountants, financial advisors, other representatives, subsidiaries, affiliates or any Person who controls any of these within the meaning of the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

2.1.76. **Reserve Account(s)** shall mean those accounts established pursuant to Section 9.1 of this Plan.

2.1.77. **Sales Motion Order** means an Order (I) Authorizing the Sale of Substantially All of The Debtors' Assets, Free and Clear of Liens, Claims and Encumbrances; (II) Approving Bid Procedures; and (III) Authorizing the Assumption and Assignment of Unexpired Leases and Applicable Contracts.

2.1.78. **Schedules** means the Schedules of Assets and Liabilities and the Statements of Financial Affairs filed by the Debtors under Section 521 of the Bankruptcy Code, Bankruptcy Rule 1007 and the Official Bankruptcy Forms, as such Schedules have been or may be supplemented or amended from time to time.

2.1.79. **Section 363 Sale** means the sale of the Assets, free and clear of all Liens, Claims and encumbrances (unless a purchaser elects to assume a Claim pursuant to this Plan) to the fullest extent possible pursuant to Sections 363 and 365 of the Bankruptcy Code, which shall be approved by the Bankruptcy Court on or before the Confirmation Hearing and which shall be consummated on or before the Effective Date.

2.1.80. **Section 363 Sale Proceeds** means the proceeds from the Section 363 Sale less reasonable and necessary costs and expenses incurred in consummating such sale.

2.1.81. **Secured Claim** means a Claim secured by a Lien on property of the Debtors, which Lien is valid, perfected and enforceable under applicable state law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law. A Claim is a Secured Claim only to the extent of the value of the Collateral which secures payment of such Claim.

2.1.82. **Subsidiary Loan Documents** means those certain promissory notes, loan agreements and related documents executed by one or more of the Debtors pursuant to advances under the Telecom Credit Agreement.

2.1.83. **Successful Backup Bidder** means the Person whose bid is approved by the Bankruptcy Court in conjunction with the Section 363 Sale as the next best bidder to the Successful Bidder.

2.1.84. **Successful Bidder** means the Person whose bid is approved by the Bankruptcy Court in conjunction with the Section 363 Sale.

2.1.85. **Telecom Credit Agreement** means that certain Amended and Restated Credit Agreement (Telecom Holdings) dated as of March 15, 2001, executed by Debtor, Denton County Electric Cooperative, Inc. and CoServ Investments, L.P. as obligors.

2.1.86. **Telecom GP or CoServ Telecom GP, L.L.C.** is a Texas limited liability corporation acting as the general partner to CoServ Telecom Holdings, L.P.

2.1.87. **Telecom Holdings or CoServ Telecom Holdings, L.P.** is a Texas limited partnership and a holding company formed on March 7, 2001.

2.1.88. **Unimpaired** means a Claim that shall be paid in full or as to which the legal, equitable and contractual rights of the holder of such Claim have not been altered by the terms of this Plan.

2.1.89. **Unsecured Claim** means a Claim held by a Creditor of the Debtors that is not an Administrative Expense Claim, a Priority Claim, a Prepetition Priority Tax Claim, a Postpetition Priority Tax Claim, or a Secured Claim.

2.1.90. **Utility Committee** means the Official Committee of Unsecured Creditors of the Utility Debtors.

2.1.91. **Utility Debtors** means Denton County Electric Cooperative, Inc. d/b/a CoServ Electric, CoServ Investments, L.P. f/k/a DCE Services, Inc., CoServ Realty Holdings, L.P., and CoServ Utility Holdings, L.P.

2.1.92. **Utility Plan** means the plan of Reorganization for Denton County Electric Cooperative, Inc. d/b/a CoServ Electric, CoServ Investments, L.P., CoServ Utility Holdings, L.P., Case No. 02-40665-DML-11.

2.1.93. **Voting Period** means the period established by the Bankruptcy Court within which Ballots shall be cast on this Plan.

## **2.2. Undefined Terms, Interpretations and Rules of Construction**

2.2.1. A term used in this Plan and not defined herein, but that is defined in the Bankruptcy Code, has the meaning set forth in the Bankruptcy Code. Otherwise, such term shall have its common and ordinary meaning.

2.2.2. Any capitalized term used in this Plan that is not defined herein, but that is defined and used in the Disclosure Statement has the meaning ascribed to that term in the Disclosure Statement.

2.2.3. The words "herein," "hereof," "hereto," "hereunder" and others of similar importance refer to this Plan as a whole and not to any particular section, subsection or clause.

2.2.4. Any reference in this Plan to a document or instrument being in a particular form means that the document or instrument shall be in substantially such form.

2.2.5. Any reference in this Plan to an existing document or instrument means such document or instrument as it may have been amended, modified or supplemented from time to time.

2.2.6. In addition to the foregoing, the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply to this Plan.

2.2.7. In computing any period of time prescribed herein, the provisions of Bankruptcy Rule 9006(a) shall apply.

2.2.8. All Exhibits to this Plan are incorporated into this Plan, and shall be deemed to be included herein, regardless of when Filed with the Court and even if subsequently Filed after this Plan is Filed.

2.2.9. Unless otherwise specified, all Section, Article and Exhibit references in this Plan are to the respective Section in, Article of, or Exhibit to this Plan, as the same may be amended, waived or modified from time to time. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Words denoting the singular number shall include the plural number and vice versa.

### III. PROVISIONS FOR PAYMENT OF UNCLASSIFIED CLAIMS

#### 3.1. Administrative Expense Claims

3.1.1. In General. Subject to the Administrative Expense Claims Bar Date, a holder of an Administrative Expense Claim shall receive, in full satisfaction, release and discharge of and in exchange for such Claim, either (i) Cash equal to the unpaid portion of such Allowed Administrative Expense Claim on the later of (a) ten (10) days following the Effective Date, (b) the date that is eleven (11) Business Days after such Claim becomes an Allowed Administrative Expense Claim, or (c) such other date as is mutually agreed upon by the Debtors, CFC and the holder of such Claim; or (ii) such other treatment as may be mutually agreed upon in writing by the holder of such Claim, the Debtors and CFC, provided such treatment does not result in a reduction of the distributions to Classes 5A-5F.

3.1.2. Payment of Statutory Fees. All fees payable pursuant to Section 1930 of Title 28 of the United States Code shall be paid in full in Cash ten (10) days following the Effective Date.

#### 3.1.3. Bar Date for Administrative Expense Claims.

##### a. Administrative Expense Claims Other Than Professionals.

Except as otherwise provided in this Plan, requests for payment of Administrative Expense Claims must be submitted by motion Filed with the Bankruptcy Court pursuant to Section 503 of the Bankruptcy Code not later than thirty (30) days after the Effective Date, excluding Professionals employed by the Court, who shall be subject to subparagraph (b) below. Objections to such motions must be Filed and served on the Debtors, CFC, counsel for CFC, the Committee and the movant to whose application the objections are addressed within thirty (30) days following the Filing of such Administrative Expense Claim. Once Allowed by Final Order, such Administrative Expense Claims shall be paid in accordance with Section 3.1.1. Holders of Administrative Expense Claims that are required to File motions for payment of such Claims and that do not File such motions by the Administrative Expense Claims Bar Date shall be forever barred from asserting such Claims against the Debtors, the Estate, CFC or their successors and assigns. Notice of this Administrative Expense Claims Bar Date shall be issued to all parties-in-interest, along with notice of the Effective Date pursuant to Section 12.4 hereof.

##### b. Professionals.

All Professionals requesting compensation or reimbursement of expenses pursuant to Sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered before the Effective Date (including, without limitation, any compensation requested by any Professional or any other Person or Entity for making a substantial contribution in these Bankruptcy Cases) shall File and serve on the Debtors, CFC, counsel for CFC and the Committee an application for final allowance of compensation and reimbursement of expenses not later than sixty (60) days after the Effective Date (the "Professionals' Bar Date"). Objections to such applications must be Filed and served on the Debtors, CFC, counsel for CFC, the Committee and the Professional to whose application the objections are addressed within thirty (30) days following the Filing of such Professional's application. Once Allowed by Final Order, such fees and expenses shall be paid in accordance with the procedures set forth in Section IX hereof.

Any Professional incurring fees and expenses after the Effective Date but in furtherance of consummation of this Plan, including fees and expenses associated with objections to Claims, shall submit such statements to counsel for the Debtors, CFC and the Committee on or before the fifteenth (15<sup>th</sup>) day of each month following the rendition of such services. If no objections are lodged by any such party within thirty (30) days of submission of such fee statement, the Debtors shall pay such amount to the Professional in accordance with the procedure set forth in Section IX hereof. If a party objects to such fee statements, the Professional submitting the fee statement may move the Court for allowance of any disputed fees and expenses incurred after the Effective Date. No disputed fees or expenses shall be paid absent resolution of the objection by the Court or agreement by the Professional and the objecting party. Any fees and expenses not timely disputed shall be paid in full by the Debtors in accordance with the procedure outlined herein. Upon allowance by the Court of the disputed fees and expenses, such fees and expenses shall be paid in accordance with the procedure set forth in Section IX hereof.

### 3.2. Treatment of Tax Claims

3.2.1. Treatment of Prepetition Priority Tax Claims. Each holder of a Prepetition Priority Tax Claim for any tax year or period all or a portion of which occurs or falls within the period prior to the Petition Date shall be paid, at the election of the Debtors and CFC, either (i) in Cash in full on the latest of: (a) forty five (45) days after the Effective Date, (b) thirty (30) calendar days after the date on which an Order allowing such Claim becomes a Final Order, (c) the last day the taxes may be paid under applicable law without incurring penalties or interest; or (d) such other time or times as may be mutually agreed to by the holder of such Claim, the Debtors and CFC, provided such treatment does not result in a reduction of the distributions to Classes 5A-5F; or (ii) with respect to a Claim of the kind specified in Section 507(a)(8) of the Bankruptcy Code, deferred Cash payments, over a period not exceeding six (6) years after the date of assessment of such Prepetition Priority Tax Claim, of a value, as of the Effective Date, equal to the amount of such Allowed Claim, plus interest of six percent (6%) per annum. To the extent that the holder of a Prepetition Priority Tax Claim holds a Lien to secure its Claim under applicable state law, such Lien shall remain in place and be unaffected by Confirmation of this Plan, until such time as the Claim is paid pursuant to this Section at which time the Lien shall be deemed released.

3.2.2. Treatment of Postpetition Tax Claims. All requests for payment of Administrative Expense Claims by a governmental unit for tax Claims (including interest and/or penalties relating to such tax Claims) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date must be presented by motion and Filed with the Bankruptcy Court on or before the Administrative Expense Claims Bar Date, or if such Claim is the subject of a Bankruptcy Code § 505(b) request for determination of unpaid tax liability as of the Administrative Claims Bar Date, then the Claimant must timely comply with the applicable provisions of § 505(b) of the Bankruptcy Code. Any holder of any Postpetition Tax Claim that is required to File a request for payment of such taxes, penalties, or interests and does not File such a request by the Administrative Claims Bar Date or otherwise comply with § 505(b) of the Bankruptcy Code shall be forever barred from asserting any such Postpetition Tax Claim against the Debtors, the Estate, CFC or their successors and assigns. To the extent that the holder of a Postpetition Tax Claim holds a Lien to secure its Claim under applicable state law, such Lien shall remain in place and be unaffected by Confirmation of this Plan, until such time as the Claim is paid pursuant to this Section, at which time the Lien shall be deemed released. Allowed Postpetition Tax Claims shall be paid pursuant to Section 3.1.1 of this Plan.

### 3.3. Treatment of Intercompany Claims

All Intercompany Unsecured Claims, excluding the Allowed Claims, if any, of Llano, shall be released and forever discharged and receive no distributions under this Plan.

## IV. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

The following is a designation of the Classes of Claims and Equity Interests under this Plan. The Claims identified in Section III hereof have not been classified and are excluded from the Classes identified below. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest is an Allowed Claim or an Allowed Equity Interest in that Class and has not been paid, released or otherwise satisfied before the Effective Date. A Claim or Equity Interest that is not an Allowed Claim or Allowed Equity Interest is not in any Class. An Allowed Claim is part of a particular Class only to the extent that the Allowed Claim qualifies under the definition of that Class, and if such Claim is part of a different Class to the extent the remainder of the Claim qualifies within the description of a different Class. Notwithstanding anything to the contrary contained in this Plan, no distribution shall be made on account of any Claim that is not an Allowed Claim or an Allowed Equity Interest. The following is a description of each Class of Claims and Equity Interests:

#### A. Allowed Priority Claims -- *Unimpaired*

Class 1A - CoServ Communications  
Class 1B - Telecom GP  
Class 1C - Telecom Holdings

Class 1D - DWB  
Class 1E - MTS  
Class 1F - CoServ Broadband

**B. Allowed CFC Secured Claims -- *Impaired***

Class 2A - CoServ Communications  
Class 2B - Telecom GP  
Class 2C - Telecom Holdings  
Class 2D - DWB  
Class 2E - MTS  
Class 2F - CoServ Broadband

**C. Allowed Other Secured Claims -- *Unimpaired***

Class 3A - CoServ Communications  
Class 3B - Telecom GP  
Class 3C - Telecom Holdings  
Class 3D - DWB  
Class 3E - MTS  
Class 3F - CoServ Broadband

**D. Allowed Convenience Claims -- *Unimpaired***

Class 4A - CoServ Communications  
Class 4B - Telecom GP  
Class 4C - Telecom Holdings  
Class 4D - DWB  
Class 4E - MTS  
Class 4F - CoServ Broadband

**E. Allowed Other Unsecured Claims -- *Impaired***

Class 5A - CoServ Communications  
Class 5B - Telecom GP  
Class 5C - Telecom Holdings  
Class 5D - DWB  
Class 5E - MTS  
Class 5F - CoServ Broadband

**F. Allowed CFC Unsecured Claims -- *Impaired***

Class 6A - CoServ Communications  
Class 6B - Telecom GP  
Class 6C - Telecom Holdings  
Class 6D - DWB  
Class 6E - MTS  
Class 6F - CoServ Broadband

**G. Equity Interests -- *Impaired***

Class 7A - CoServ Communications  
Class 7B - Telecom GP  
Class 7C - Telecom Holdings  
Class 7D - DWB  
Class 7E - MTS

## V. PROVISIONS FOR TREATMENT OF CLAIMS AND EQUITY INTERESTS

### 5.1. Class 1 - Allowed Priority Claims

Each holder of a Class 1A – 1F Allowed Priority Claim shall receive, in full satisfaction, release and discharge of and in exchange for such Claim, either (i) the amount of such Allowed Priority Claim, in Cash, on or as soon as practicable after the later of (a) forty-five (45) days after the Effective Date, or (b) the date that is ten (10) Business Days after such Claim becomes an Allowed Priority Claim; or (ii) such other treatment as may be mutually agreed upon in writing by the holder of such Claim, the Debtors and CFC, provided that such treatment does not result in a reduction of the distributions to Classes 5A-5F. Claims in Classes 1A – 1F are Unimpaired.

### 5.2. Class 2 - Allowed CFC Secured Claims

Each respective Allowed CFC Secured Claim against one or more of the Debtors, if applicable, shall receive, in full satisfaction, release and discharge of and in exchange for such Secured Claim classified under Classes 2A through 2F, if applicable, either (a) Remaining Cash and Remaining Assets ten (10) days after the Effective Date; or (b) in accordance with Section 8.4, the transfer of the Assets to the Delaware Holding Company free and clear of all Liens, Claims and encumbrances but subject only to the liabilities for those Executory Contracts assumed by the Debtors and assigned to the Delaware Holding Company under Section 365 of the Bankruptcy Code. To the extent that any of the Debtors are co-obligors or are co-liable on the Allowed CFC Secured Claims, CFC shall only be entitled to receive a distribution equal to the Allowed Amount of its Secured Claims, and not multiple distributions for the same Secured Claims. Claims in Classes 2A through 2F are Impaired. CFC has agreed to the treatment provided herein and will vote its Claims in Classes 2A through 2F in favor of the Plan.

### 5.3. Class 3 - Allowed Other Secured Claims

Each holder of a Class 3A through 3F Allowed Other Secured Claim shall receive, in full satisfaction, release and discharge of and in exchange for such Secured Claim, at the Debtor's and CFC's option, either (a) the Collateral which secures the Claim, or (b) Cash equal to the amount of such Allowed Other Secured Claim, on or as soon as practicable after the later of (i) forty-five (45) days following the Effective Date, or (ii) the date that is ten (10) Business Days after such Claim becomes an Allowed Other Secured Claim. Claims in Classes 3A through 3F are Unimpaired.

### 5.4. Class 4 – Allowed Convenience Claims

Each holder of a Class 4A through 4F Allowed Convenience Claim, if applicable, shall receive, in full satisfaction, release and discharge of and in exchange for such Convenience Claim, at the applicable Debtor's option, the Cash equal to the amount of such Allowed Convenience Claim on or as soon as practicable after the later of (a) the Distribution Date, or (b) the date that is ten (10) Business Days after such Claim becomes an Allowed Convenience Claim. Pursuant to Section 9.4, such payments to Class 4 shall be considered final distributions. Claims in Classes 4A through 4F are Unimpaired.

### 5.5. Class 5 - Allowed Other Unsecured Claims

Each holder of a Class 5A through 5F Allowed Other Unsecured Claim shall receive a distribution from the applicable Reserve Account described in Section 9.1 hereof as follows:

If all Allowed Claims in Classes 4 and 5 total:	Each Allowed Claim in Classes 5A – 5F shall receive:
\$6,500,000.00 or less, inclusive of the CFC Credit	100% of the Allowed Claim



If all Allowed Claims in Classes 5A-5F total:	Each Allowed Claim in Classes 5A – 5F shall receive:
Greater than \$6,500,000.00	A Pro Rata Share of the greater of (i) \$6,500,000.00 minus (a) amounts paid to Class 4 Claimants and (b) the CFC Credit, or (ii) 70% of the total Allowed Claims in Classes 4 and 5 minus the CFC Credit; provided, however, in no event shall such amount exceed \$7,000,000.00.

The distribution to the Allowed Other Unsecured Claimants shall be in full satisfaction, release and discharge of and exchange for such Allowed Other Unsecured Claims. Classes 5A through 5F are Impaired.

#### 5.6. Class 6 - Allowed CFC Unsecured Claims

CFC has agreed that its Allowed Unsecured Claims in Classes 6A through 6F shall receive no treatment and CFC shall waive its rights to any treatment on account of its Allowed Unsecured Claim. Claims in Classes 6A through 6F are Impaired. CFC has agreed to the treatment provided herein and will vote its Claims in Classes 6A through 6F in favor of the Plan.

#### 5.7. Class 7 - Equity Interests

On or as soon as practicable after the Effective Date, the Equity Interests of the Debtors shall be cancelled. There shall be no distributions under this Plan on account of Equity Interests. Equity Interests in Classes 7A through 7F are Impaired.

### VI. PROCEDURES FOR TREATING DISPUTED CLAIMS UNDER THIS PLAN

#### 6.1. Disputed Claims

6.1.1. Process for Claims in Classes 4 and 5. The Committee shall have sole authority to make and File objections to Claims in Classes 4 and 5. All objections shall be resolved by a Final Order. Unless otherwise extended by the Bankruptcy Court, objections to Claims in Classes 4 and 5 shall be made not later than thirty (30) days after the Effective Date.

6.1.2. Process for Claims in Classes 1 – 3 and 6. The Debtors, the Committee and CFC shall have sole authority to make and File objections to Claims in Classes 1 – 3 and 6. All objections shall be resolved by a Final Order. Unless otherwise extended by the Bankruptcy Court, objections to Claims in Classes 1 – 3 and 6 shall be made not later than thirty (30) days after the Effective Date.

6.1.3. Process for Unclassified Claims. The Debtors, the Committee and CFC shall have authority to make and File objections to the unclassified Claims in Section III hereof, not later than thirty (30) days after the deadlines for Filing such Claims pursuant to Section III hereof.

6.1.4. No Distributions Pending Allowance. Notwithstanding any other provision hereof, except as to the Professionals, if any portion of a Claim is a Disputed Claim, no payment or distribution provided hereunder shall be made on account of the Claim or any portion of the Claim unless and until the Disputed Claim becomes an Allowed Claim.

## **6.2. Voting Rights of Holders of Disputed Claims**

A Disputed Claim will not be counted for purposes of voting on this Plan, unless the Claimant timely seeks and obtains an order of the Bankruptcy Court, after notice and a hearing, temporarily allowing the Disputed Claim for voting purposes under Bankruptcy Rule 3018(a). This disallowance for voting purposes is without prejudice to the Claimant's right to seek to have its Disputed Claim allowed for purposes of distribution under this Plan.

## **VII. ACCEPTANCE OR REJECTION OF PLAN; CRAMDOWN**

### **7.1. Classes and Claims Entitled to Vote**

Each holder of a Claim or Equity Interest in an Impaired Class shall be entitled to vote to accept or reject this Plan. Classes of Claims not Impaired under this Plan shall be presumed to have accepted this Plan pursuant to Section 1126(f) of the Bankruptcy Code and their votes are not required to be solicited. Classes 1A through 1F, Classes 3A through 3F and Classes 4A through 4F are Unimpaired and hence are presumed to have accepted this Plan. Classes 2A through 2F, Classes 5A through 5F, Classes 6A through 6F and Classes 7A through 7F are Impaired and therefore are entitled to vote to accept or reject this Plan.

### **7.2. Request for Cramdown**

The Debtors and CFC believe that all applicable requirements for entry of a Confirmation Order are met as set forth in Sections 1129(a)(1) through (13) of the Bankruptcy Code, except subsection (8). Consequently, the Debtors and CFC shall request that the Bankruptcy Court confirm this Plan in accordance with Section 1129(b) of the Bankruptcy Code, so long as at least one Impaired Class of Claims has accepted this Plan, not including any insiders, on the basis that this Plan is fair and equitable and does not discriminate unfairly with respect to any non-accepting Impaired Class.

## **VIII. IMPLEMENTATION AND MEANS OF CONSUMMATING THIS PLAN**

### **8.1. Administrative Consolidation; Discharge of Guarantees**

This Plan contemplates the administrative consolidation of the Estates of CoServ Communications, Telecom GP, Telecom Holdings, DWB, MTS and CoServ Broadband for the purposes of all actions associated with consummation of this Plan, but there shall be no substantive consolidation of the Debtors' Estates. On the Effective Date, and in accordance with the terms of this Plan and the transfer of the Assets of the Debtors, all Claims based upon guarantees of collection, payment or performance made by any of the Debtors as to the obligations of any other person will be discharged, released and of no further force and effect; *provided, however*, that nothing herein will affect the obligations of each of the Debtors under this Plan.

### **8.2. Sale of Assets**

The Debtors shall, if possible, close a Section 363 Sale with respect to the Assets approved by the Bankruptcy Court and transfer the proceeds pursuant to this Plan. Except as expressly set forth in this Plan (or in a Final Order approving the Section 363 Sale), the Assets shall be sold free and clear of any and all Liens, Claims and encumbrances to the fullest extent possible pursuant to Sections 363 and 365 of the Bankruptcy Code but subject to the liabilities for assumed Executory Contracts under Section 365 of the Bankruptcy Code.

### **8.3. Assumption of Liabilities by a Purchaser Under a Section 363 Sale**

Notwithstanding any other provision of this Plan, entry of the Confirmation Order shall constitute the Bankruptcy Court's authorization for a purchaser of the Assets to designate and assume liability for one or more specific Claims, including, liabilities arising under an assumed Executory Contract. In the event a purchaser desires to purchase certain of such Assets subject to a Claim, the purchaser shall File and serve notice on the Debtors, CFC and the Committee which, if any, Claims or other liabilities it elects to assume on or before fifteen (15) days after the purchaser becomes either the Successful Bidder or the Successful Backup Bidder. The Debtors shall File with the Bankruptcy Court and serve upon the affected parties, CFC and the Committee notice of the purchaser's intent to

assume such Claims or liabilities on or before ten (10) days prior to the Confirmation Hearing<sup>7</sup>; provided, however, that the purchaser must demonstrate, at the Confirmation Hearing, the requisite financial ability to satisfy the Claims or liabilities in the dollar amount to be assumed. Upon the Effective Date, if the Section 363 Sale to the purchaser is consummated, the purchaser shall assume all responsibility for payment and treatment of the assumed Claims or liabilities on no less favorable terms than the holders of such Claims would be treated under this Plan, unless otherwise agreed by the holder of the Claim. By way of illustration, if a purchaser assumes a particular Class 5 Claim, it must provide the holder of that Claim no less favorable treatment as specified for holders of Class 5 Claims generally. The Confirmation Order shall constitute the Bankruptcy Court's finding that such purchaser has provided adequate assurance of future performance with respect to any assumed Claim or liability.

#### **8.4. Transfer to CFC's Designee if No Section 363 Sale**

In the event that there is no Section 363 Sale or the closing of the Section 363 Sale does not occur within the time period agreed upon by CFC and the Debtors, which shall not be later than September 30, 2002, the Assets, free and clear of all Liens, Claims and encumbrances, shall be transferred to the Delaware Holding Company on the earlier of September 30, 2002, or a date as CFC and Debtors mutually agree, provided such transfer shall not occur until all necessary regulatory approvals have been obtained. CFC shall, on or before August 1, 2002, seek all regulatory approvals necessary to transfer the Assets to the Delaware Holding Company and, thereafter, use reasonable best efforts to obtain such regulatory approvals. CFC shall utilize reasonable best efforts to facilitate the transfer of the Assets to the Delaware Holding Company.

#### **8.5. Debtors' Action**

On the Effective Date, the Debtors shall be authorized and directed to take all necessary and appropriate actions to effectuate the transactions contemplated by this Plan and the Disclosure Statement.

#### **8.6. CFC's Action**

On the Effective Date, CFC shall be authorized and directed to take all necessary and appropriate actions to effectuate the transactions contemplated by this Plan and the Disclosure Statement.

#### **8.7. Operations**

The Debtors will continue in existence after the Effective Date only to the extent necessary to (i) seek determination of Allowed Claims; (ii) make distributions to Allowed Claims as provided in this Plan; and, thereafter; (iii) dissolve the Debtors upon completion of all acts necessary to consummate this Plan in full and the entry of the Final Decree. In performing these functions, the Debtors shall, among other things, be authorized to (a) continue the retention of Professionals; (b) pay reasonable and necessary costs and expenses of liquidation from its own funds and should those funds be insufficient, from the respective Reserve Account; (c) abandon Assets of inconsequential value; and (d) dissolve after the liquidation and distribution of all property of the Estates.

### **IX. DISTRIBUTIONS TO CLAIMANTS**

#### **9.1. Establishment and Funding of Reserve Account**

On the Effective Date, the Debtors shall establish the following Reserve Accounts:

9.1.1. Distributions Reserves. Debtors shall establish distribution reserves to pay (i) all Allowed Administrative Expense Claims; (ii) all Allowed Prepetition Priority Tax Claims, Allowed Postpetition Tax Claims, and Allowed Claims in Classes 1, 3, 4 and 5; and (iii) all amounts reasonably necessary to fund operating/liquidating expenses incurred on and after the Effective Date.

9.1.2. Professional Fees/Expenses Reserve. Debtors shall establish a Professional fees/expenses reserve to pay all Professional fees and expenses that arise on and after the Effective Date, pursuant to Section 3.1.3(b).

Five (5) days prior to each required distribution pursuant to Section IX of this Plan, CFC shall fund to the applicable Reserve Account the amount of such required distribution. The Debtors shall provide CFC written notice of its obligation to fund such distribution ten (10) days prior to each required distribution pursuant to Section IX of this Plan.

## **9.2. Distributions**

All distributions for Allowed Claims made pursuant to this Plan (except Claims in Classes 2A through 2F) shall be made by the Debtors from the Reserve Accounts established pursuant to Section 9.1 hereof. All distributions to Allowed Claims may be made either by Cash, check or wire transfer at the option of the Debtors pursuant to Section 9.1 hereof.

## **9.3. Disbursing Agent**

The Debtors shall serve as the disbursing agent and shall make all distributions provided for under this Plan. Until the entry of the Final Decree, the Debtors shall, on each annual anniversary of the Effective Date, File a report which (i) accounts for the payment of Claims pursuant to this Plan and (ii) describes the status of each Claim which is a Disputed Claim as of such date.

## **9.4. Timing of Distributions**

9.4.1. Distributions to Holders of Allowed Administrative Expense Claims, Tax Claims and Priority Claims. The Debtors shall, in accordance with Section III of this Plan, distribute Cash from the respective Reserve Accounts to each holder of a then unpaid Allowed Administrative Expense Claim, Allowed Prepetition Priority Tax Claim, or Allowed Postpetition Tax Claim, in the amount of such Claim.

9.4.2. Distribution to Holders of Allowed Priority Claims. The Debtors shall, in accordance with Section 5.1 of this Plan, make the payments from the respective Reserve Accounts to each holder of a then unpaid Allowed Priority Claim.

9.4.3. Distribution to the Holder of the Allowed CFC Secured Claims. The distribution to be made on account of the Allowed CFC Secured Claims shall be made in accordance with the provisions of Section 5.2 of this Plan.

9.4.4. Distributions to Holders of Allowed Other Secured Claims. The Debtors shall, in accordance with Section 5.3 of this Plan, make the payments from the respective Reserve Accounts to each holder of a then unpaid Allowed Other Secured Claim.

9.4.5. Distributions to Holders of Allowed Convenience Claims. The Debtors shall, in accordance with Section 5.4 of this Plan, make the payments from the respective Reserve Accounts to each holder of a then unpaid Allowed Convenience Class Claim.

9.4.6. Distributions to Holders of Allowed Unsecured Claims. The Debtors shall, in accordance with Section 5.5 of this Plan, make the payments from the respective Reserve Accounts to each holder of a then unpaid Allowed Unsecured Claim.

9.4.7. Distributions to Holders of Professional Fees/Expenses Claims. All distributions to be made on account of any Professional fees/expenses that arise after the Effective Date, pursuant to Section 3.1.3(b), shall be made within ten (10) days of such Claim becoming due and payable pursuant to Section 3.1.3(b).

9.4.8. Distributions to Pay Post-Effective Date Operating Expenses. All distributions to be made on account of post-Effective Date operating expenses shall be made from the applicable Reserve Account as such expenses become due, but not to exceed \$100,000.00 in the aggregate.

9.4.9. Distributions on Allowed Claims. The Debtors shall be authorized to make required distributions to holders of Allowed Claims as soon as practicable and may make interim distributions to such holders and reserve amounts for Disputed Claims in a particular class.

**9.5. Minimum Distribution**

Notwithstanding anything to the contrary in this Plan, the Debtors shall not be required to make a distribution of less than Fifty and No/100 Dollars (\$50.00) to any holder of a Claim, unless such distribution is the final distribution to such Claimant.

**9.6. Setoff**

The Debtors (or the Committee with respect to objections to Claims) may offset against any Claim, and the distributions to be made pursuant to this Plan with respect to such Claim, Claims of any nature whatsoever that the Debtors or their Estates may have against the holder of such Claim. Notwithstanding the foregoing, the failure to effect such an offset will not constitute a waiver or release by the Debtors of any such Claim against such holder. The Debtors shall have no right of offset against CFC.

**X. DISTRIBUTIONS TO DISPUTED CLAIMS**

**10.1. Disputed Payments or Distributions**

In the event of any dispute between or among Claimants as to the right of any Person or Entity to receive or retain any distribution to be made to such Claimant under this Plan, the Debtors and CFC may, in lieu of making such distribution to such Person or Entity, make it instead into an escrow for payment or distribution as ordered by the Bankruptcy Court or as the interested parties to such dispute may otherwise agree among themselves. Any Claimant that fails to File and have heard an appropriate request for relief with the Bankruptcy Court with respect to such disputed distribution prior to the Debtors making such distribution shall be deemed to have forever waived any right to dispute such distribution or to restrict the use of such distribution.

**XI. PROVISIONS GOVERNING EXECUTORY CONTRACTS**

**11.1. Rejection of All Executory Contracts Not Assumed**

This Plan constitutes and incorporates a motion by the Debtors to reject, as of the Effective Date, all prepetition Executory Contracts to which the Debtors are a party, except for any Executory Contract that (i) previously has been assumed pursuant to a Final Order; (ii) is the subject of a pending motion for authority to assume the Executory Contract Filed by the Debtors prior to the Confirmation Date; or (iii) is assumed by the Debtors and assigned to the Successful Bidder or Successful Backup Bidder at the Section 363 Sale or CFC in the event there is no Section 363 Sale or the Section 363 Sale has not timely closed.

**11.2. CFC's Selection of Executory Contracts**

CFC shall provide to the Debtors and the Committee, on or before August 20, 2002, written notice of those Executory Contracts which it requires the Debtors to assume and assign to the Delaware Holding Company in the event there is no Section 363 Sale or the Section 363 Sale has not timely closed.

**11.3. Cure Payments**

Any cure payment for an Executory Contract assumed pursuant to Section 365(b)(1) of the Bankruptcy Code (an "Assumed Contract") shall be made (i) by the Debtors from the respective Reserve Accounts within ten (10) days after the Effective Date, or (ii) on such other terms as agreed to by the Debtors, CFC and the non-debtor party to such Assumed Contract, provided such treatment does not result in a reduction of the distributions to Classes 5A-5F. In the event of a dispute regarding (a) the amount of any cure payment, (b) the ability of an assignee to provide adequate assurance of future performance under the Assumed Contract, or (c) any other matter pertaining to assumption (or assumption and assignment), the cure payment required by Section 365(b)(1) of the Bankruptcy

Code shall be made by the Debtors or assignee, as applicable (or CFC in conjunction with the transfer of Assets to the Delaware Holding Company), within ten (10) days following the entry of a Final Order resolving such dispute.

#### **11.4. Bar Date for Filing of Rejection Claims**

Any Claim arising from an Executory Contract rejected pursuant to Section 365(a) of the Bankruptcy Code or Section 11.1 hereof (a "Rejected Contract") must be Filed with the Bankruptcy Court and served upon counsel for the Debtors, the Committee and CFC within thirty (30) days after the later to occur of (i) the giving of notice of Confirmation to such party or (ii) the entry of an order by the Bankruptcy Court authorizing rejection of a particular Executory Contract. Any Claim arising from a Rejected Contract, once Allowed, shall be treated as a Class 5 Claim.

### **XII. CONDITIONS TO EFFECTIVENESS OF THIS PLAN**

#### **12.1. Conditions Precedent to Confirmation**

This Plan shall not be confirmed unless the following conditions have occurred or have been waived in writing by mutual agreement of the Debtors and CFC:

(a) The Bankruptcy Court shall have entered an order, on or before September 30, 2002, approving (i) the Section 363 Sale of the Assets of Debtors, free and clear of all Liens, Claims and encumbrances, except as expressly set forth herein, or (ii) in the event there is no Section 363 Sale or the Section 363 Sale has not closed, the transfer of the Assets free and clear of all Liens, Claims and encumbrances, except as expressly set forth herein, to the Delaware Holding Company;

(b) The Bankruptcy Court shall have entered the Confirmation Order in a form and substance satisfactory to Debtors and CFC, and, shall include, among other things, findings of fact and/or conclusions of law that: (i) enjoin and restrain all Creditors of the Debtors from asserting any Lien, Claim, interest or encumbrance (other than any Lien, Claim, interest or encumbrance that cannot be removed under the Bankruptcy Code) that any of them has or had against any of the Debtors, or any of the Assets of the Debtors, or CFC with respect to the CFC Secured Claims; (ii) reserve the jurisdiction of the Bankruptcy Court to implement and enforce this Plan; (iii) provide, pursuant to Section 1125(e) of the Bankruptcy Code, that Persons or Entities who have solicited acceptances or rejections of this Plan have acted in good faith and in compliance with the provisions of the Bankruptcy Code, and are not liable on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan; (iv) value the Assets to be transferred to CFC, or the Delaware Holding Company, on account of CFC's Allowed Class 2 Claims, in an amount mutually acceptable to the Debtors and CFC; and (v) CFC holds a Lien on property of the Debtors, which Lien is valid, perfected and enforceable under applicable law, and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law.

#### **12.2. Conditions Precedent to the Effective Date**

This Plan shall not become effective and operative unless and until the Effective Date occurs. The Effective Date shall occur after the following conditions have been satisfied; provided, however, the Debtors and CFC may waive in writing upon mutual agreement any and all of the following conditions, whereupon the Effective Date shall occur without further action by any Person or Entity:

(a) All documents useful and necessary to implement this Plan shall be in the form and substance satisfactory to the Debtors and CFC;

(b) All governmental and regulatory approvals necessary to consummate the transfer or sale of the Assets have been obtained or waived in writing;

(c) The Section 363 Sale shall have been consummated or the Assets free and clear of all Liens, Claims and encumbrances, shall have been transferred to the Delaware Holding Company; and

(d) The Confirmation Order specified in Section 12.1 of this Plan shall have become a Final Order.

### 12.3. Non-Occurrence of the Effective Date

If this Plan is confirmed, but the Effective Date does not occur within sixty (60) days after the Confirmation Date, unless otherwise ordered by the Bankruptcy Court, (i) the Confirmation Order shall be deemed vacated; (ii) all deadlines established by this Plan or the Confirmation Order shall be deemed vacated; (iii) these Bankruptcy Cases will continue as if Confirmation of this Plan has not occurred; and (iv) this Plan will be of no further force and effect, with the result that Debtors, CFC, Creditors, and other parties will be returned to the same position as if Confirmation had not occurred. The failure of the Effective Date to occur shall not affect the validity of any order entered in these Bankruptcy Cases other than the Confirmation Order.

### 12.4. Notice of the Effective Date

On or before ten (10) Business Days after occurrence of the Effective Date, the Debtors shall mail or cause to be mailed to all holders of Claims and Equity Interests a notice that informs such holders of: (i) entry of the Confirmation Order; (ii) the occurrence of the Effective Date; (iii) the Administrative Expense Claims Bar Date; (iv) the deadline for Filing Professional fee Claims, (v) the identity and amount of any assumed Claims or liabilities pursuant to Section 8.3 or 8.4; and (vi) such other matters that the Debtors deem appropriate.

## XIII. EFFECTS OF PLAN CONFIRMATION

### 13.1. Injunction

13.1.1. Injunction. Except as provided in this Plan or the Confirmation Order, on and after the Effective Date, all Persons or Entities who have held, currently hold or may hold a debt, Claim or Equity Interest treated pursuant to the terms of this Plan are permanently enjoined from taking any of the following actions on account of any such debt, Claim or Equity Interest: (i) commencing or continuing in any manner any action or other proceeding against the Debtors, any of their Affiliates, successors or assignees or current or future property of the Estates; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, any of their Affiliates, successors or assignees, or current or future property of the Estates; (iii) creating, perfecting or enforcing any Lien or encumbrance against the Debtors, any of their Affiliates, successors or assignees, or current or future property of the Estates; (iv) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due to the Debtors, any of their Affiliates, successors or assignees, or current or future property of the Estates; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan or the Confirmation Order. Any Person or Entity injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages from the willful violator.

### 13.2. Releases

13.2.1. Release and Limitation of Liability of Exculpated Persons. On and after the Effective Date, the Exculpated Person shall not have or incur any liability to any Person or Entity for any act taken or omission made in good faith in connection with or in any way related to negotiating, formulating, implementing, confirming, or consummating this Plan, the Disclosure Statement, or any contract, instrument, filings with governmental agencies, release or other agreement or document created in connection with or related to this Plan or the administration of these Bankruptcy Cases nor with respect to any liability, Claim or cause of action, whether known or unknown, asserted or unasserted, belonging to or assertable by any Person or Entity against the Exculpated Person, from the beginning of time until the Effective Date. The Exculpated Person shall have no liability to any Person for actions taken in good faith under or relating to this Plan, or in connection with the administration of these Bankruptcy Cases. Further, the Exculpated Person shall not have or incur any liability to any Person for any act or omission in connection with or arising out of their administration of this Plan or the property to be distributed under this Plan, except for actual fraud, criminal behavior or gross negligence or willful misconduct as determined by the Bankruptcy Court. The occurrence of the Effective Date shall constitute a release of any and all Claims, causes of action, rights and interests against the Exculpated Person and their respective Representatives held by, owned, or assertable by any Person or Entity existing as of the Effective Date.